

CONTRACT MONITORING

Contract monitoring is a regular process of evaluating agency performance based on measurable service deliverables and verifying agency compliance with the terms and conditions in the contract with the County.

The purposes of monitoring are to 1) improve program performance through early identification of questions and issue resolution; 2) identify potential problems that may require additional scrutiny; 3) evaluate agency performance controls to ensure there is a reliable basis for validating service deliverables, and 4) to assure that financial documentation is adequate and accurate so that costs will not be questioned later on. Another key purpose of contract monitoring is to identify program and/or financial problems as early as possible so that corrective action may be taken to prevent/minimize program implementation deficiencies and/or financial problems that will result in questioned costs and other types of exceptions that may be identified as part of an audit of the contract. In addition, monitoring helps provide qualitative observations and data on how well services are being provided and whether desired service outcomes are being achieved as a result of participants' participation in the contract agency's program. Program performance measures should provide concrete information on the impact the services are having on improved outcomes for program participants, including children and families.

Monitoring agency compliance is the responsibility of the County department that oversees the program and administers agency contracts. Monitors may be County department employees, firms hired to monitor on behalf of the department, or both. Each department is responsible for establishing and following a clear and specific monitoring plan, however, monitors may expand the monitoring plan if it is necessary. Contract monitoring always takes place during the term of the contract and occurs on an on-going basis throughout the term of the contract.

Typically, contract monitoring takes place in three separate areas.

1. Administrative

Evaluates the agency's compliance with the Terms and Conditions included in the contract. Administrative monitoring, would include such areas such as the agency's compliance with insurance coverage and any licensure requirements. Another significant area of administrative monitoring is the evaluation of compliance with the Living Wage Ordinance where a Proposition A contract is being monitored.

2. Fiscal

Evaluates compliance with the fiscal requirements included in the contract. Monitoring in this area might include reviews of the agency's invoices to ensure that they are being submitted timely and in the format specified in the contract. The monitor would likely check to ensure that the billing rates included on the invoice agree with the contractually agreed upon rates and that units of service, or activity being billed for, are supported by adequate documentation. If the agency is compensated on a cost reimbursement basis, the monitor would verify that the agency's accounting system adequately accounts for costs being reimbursed and costs are documented, reasonable and allowable. Other areas for review would be whether the accounting system separately accounts for the contracted program if the agency operates more than one program, and that shared administrative costs are apportioned to the various programs using a cost allocation plan.

3. Program (Service Delivery)

Evaluates whether or not the agency is delivering the agreed upon services specified in the Statement of Work in a timely manner, in the quantity required and that the quality of the services provided are adequate. Program performance measures should measure both how well services are provided, and their impact on improving outcomes for children and families and other participants. Program reviews would likely be based on a review of programmatic records such as client case files, interviews with clients that received services per the agency's invoice, and discussions with the agency's staff and management, as well as observations made at the agency's facility(ies).

Contract monitoring may be done on-site, or it may be done as part of a desk review, but most likely monitoring will be achieved using a combination of these two techniques. To the extent on-site reviews are employed, the monitor may choose to make the site visits on either an announced or unannounced basis. When visits are announced or pre-scheduled, the monitor will have a set time at which the facility will be visited. Unannounced visits are performed on a surprise basis and are intended to give the County assurance that observations made during announced visits are representative of the agency's on-going operating practices.

The monitor will have a monitoring instrument which specifies the activities that will be evaluated, the tests and procedures to be applied, the methodology for determining the specific transactions/units of activity will be examined and tested,

etc. Often departments will include a Performance Requirements Summary (PRS) as an exhibit to their contract. The PRS should mirror the Statement of Work in the contract and will identify each area of the agency's performance that will be monitored, the document(s) or other evidentiary matter to be examined, how transactions or units of activity will be selected for review (i.e., sampling, 100% review), tolerable error rates and the implications of exceeding the tolerable error rates (i.e., fiscal penalties/sanctions). The Department's monitoring instrument should be consistent with the PRS.

The data collected and evaluated by the monitor will be dependent on the area(s) being evaluated. For example, if the monitor is attempting to validate information reported on an invoice where the agency is reimbursed for actual costs, the monitor would review the agency's accounting records along with the underlying invoices and corresponding checks. The monitor would also review payroll records such as timecards, payroll registers and personnel records. If on the other hand, the focus of the review was to verify that services billed for had been provided, the monitor would review records such as client charts, contact sheets, progress notes, etc., and would interview clients. The procedures noted above are subject to expansion based upon the findings noted during the review.